



**NEW YORK STATE BANKING DEPARTMENT**  
**CONSUMER SERVICES DIVISION**  
One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** December 31, 2002

**Institution:** Israel Discount Bank of New York  
511 Fifth Avenue  
New York, NY 10017

**Note:** This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Banking Department concerning the safety and soundness of this financial institution.

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## GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Israel Discount Bank of New York (“IDBNY”) prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2002.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low and moderate income areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) Outstanding record of meeting community credit needs;
- (2) Satisfactory record of meeting community credit needs;
- (3) Needs to improve record of meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary be made available to the public (“Evaluation”). Evaluations are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 – 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

For explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

## **OVERVIEW OF INSTITUTION'S PERFORMANCE**

### **Overall Rating**

Israel Discount Bank of New York (IDBNY) is rated "1," indicating an outstanding record of helping to meet community credit needs. The bank exhibits excellent responsiveness to credit and community economic development needs in the assessment area as demonstrated by the high volume of activity. This includes initiatives supporting affordable housing, economic development and revitalization/stabilization.

- Community development loan commitments increased to \$95 million from \$81.2 million at the prior evaluation. Nearly 40% of qualified community development lending commitments represents new initiatives.
- IDBNY participated in several equity investment funds and invested approximately \$10.3 million in qualified community development investments.

This evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York State Banking Law and Part 76 of the General Regulations of the Banking Board.

## **PERFORMANCE CONTEXT**

### **Institution's Profile:**

Chartered in 1962, Israel Discount Bank of New York ("IDBNY") is a wholly owned subsidiary of Israel Discount Bank Limited, which is headquartered in Israel. As of December 31, 2002, the bank reported total assets of \$7.1 billion, which comprised primarily of securities \$4.5 billion (63.4%) and loans of \$1.9 billion (26.0%). Domestic deposits totaled \$2.8 billion, of which \$1.3 billion, or 46% were core deposits.

IDBNY is a wholesale commercial bank, which focuses primarily on providing domestic and international, personal and commercial banking services to its U.S. and foreign clientele. The banking services available through the institution include personal and commercial checking accounts, money market savings and checking accounts, U.S. Dollar and foreign currency, time deposits, visa credit cards, Basic Banking accounts, and International and domestic private banking. The types of credit available include asset based lending, commercial real estate lending, middle market lending, equipment leasing, factoring, import and export financing.

The bank is not in the business of originating or purchasing residential mortgage, housing rehabilitation, home improvement, small business or small farm loans to retail customers, except as an accommodation to its existing clients. Accordingly, on December 9, 1996, the FDIC designated IDBNY as a wholesale institution for purposes of CRA.

IDBNY's principal office is located in New York City at 511 Fifth Avenue with a branch office at 1350 Broadway. In addition, IDBNY has a branch in Los Angeles, California; three in South Florida; an offshore Grand Cayman Islands Branch; an International Banking Facility at its main office; and representative offices in London, Paris, Montevideo, Santiago and Sao Paulo. Included in the bank's holdings are two Real Estate Investment Trusts (REITs): IDBNY Realty Inc., and IDBNY Realty (Delaware) Inc. The bank's wholly owned subsidiaries also consist of Discount Bank (Latin America) headquartered in Uruguay, IDB Leasing, Inc, an equipment leasing company, IDB Capital a broker-dealer and IDB Factors. Israel Discount Bank Ltd. and its subsidiaries have a combined network of over 200 branches and representative offices around the world.

In March 2000, IDBNY became a wholly-owned subsidiary of Discount Bancorp, Inc. a Delaware Holding company formed by Israel Discount Bank to act as holder for the shares of the bank.

The bank opened three branches, outside of New York State, since the last performance evaluation.

**Assessment Area:**

IDBNY's assessment area consists of the five boroughs of New York City, namely Bronx, Kings, Queens, New York and Richmond counties. Excluding 66 zero income tracts, the bank's assessment area consists of 2,150 census tracts, of which 314 (14.6%) are low-income, 419 (19.5%) moderate-income, 779(36.2%) middle-income and 638 (29.7%) are upper- income tracts.

The assessment area appears reasonable based on the bank's location and its designation as a wholesale institution. There is no evidence that LMI areas are arbitrarily excluded.

## PERFORMANCE TEST AND ASSESSMENT FACTORS

*The Banking Department evaluates the CRA performance of wholesale banks pursuant to the “community development test: as provided in Part 76.11 of the General Regulations of the Banking Board. Performance criteria may include (1) the number and amount of community development loans, qualified investments or community development services; (2) the use of innovative or complex qualified investment, community development loans or community development services and the extent to which the investments are not routinely provided by private investors; and (3) the banking institution’s responsiveness to credit and community development needs.*

### **I. Community Development Test**

IDBNY participates in community development initiatives primarily by working with intermediaries that serve its assessment area. The bank’s volume of activity is considered excellent. As of December 31, 2002, the bank’s assessment area-based community development loans and qualified investments totaled \$105.3 million, an increase of \$16.5 million since the last performance evaluation. During the same period, the bank’s assets increased by 42.9% to \$7.1 billion.

Approximately \$40 million of the bank’s loan commitments and qualified investments represent new money, reflecting a continued focus on addressing the long term needs of the community and emerging opportunities for further growth.

The bank’s community development portfolio of loans within its assessment area is as follows:

<b>Community Development Loan Portfolio as of December 31, 2002</b>					
<b>Type</b>	<b># of Commitments</b>	<b>Amount (\$000’s)</b>	<b>Percentage</b>	<b>Outstanding (\$000’s)</b>	<b>Percentage</b>
Affordable Housing	4	5,600	5.9	4,742	7.5
Economic Development	8	51,295	54.0	29,884	47.3
Revitalization/ Stabilization	4	38,100	40.1	28,584	45.2
<b>Total</b>	<b>16</b>	<b>94,995</b>	<b>100.0</b>	<b>63,210</b>	<b>100.0</b>

New loan commitments and outstandings were in the following community development categories:

<b>New Loan Commitments and Outstandings July 1, 2000 – December 31, 2002</b>					
<b>Type</b>	<b># of Commit- ments</b>	<b>Amount (\$000s)</b>	<b>Percentage</b>	<b>Outstanding (\$000s)</b>	<b>Percentage</b>
Affordable Housing	2	4,600	12.4	4,600	15.4
Economic Development	3	6,500	17.5	5,633	18.9
Revitalization/ Stabilization	3	26,100	70.2	19,561	65.7
<b>Total</b>	<b>8</b>	<b>37,200</b>	<b>100.0</b>	<b>29,794</b>	<b>100.0</b>

IDBNY's community development activities continue to reflect the bank's commitment to serving the credit needs of its assessment area. Although these activities are not particularly complex or innovative, they appear responsive to the credit needs of the community.

- **Community Development Lending**

As of December 31, 2002, IDBNY had community development commitments totaling \$95 million, with \$63.2 million outstanding. The bank renewed several lines of credit for the construction of affordable housing.

### **Economic Development**

The majority of the loans and commitments totaling \$51.3 million, or 54.0% were for economic development projects within the New York City assessment area.

The bank extended \$45.3 million to Small Business Investment Companies ("SBICs"), licensed by the U.S. Small Business Administration ("SBA") to provide equity capital and long-term loans to small businesses. These SBICs have extended loans to purchase taxi medallions, radio cars, dry cleaners, laundromats, nail salons and other small retail establishments.

Other initiatives include:

*Chatov, LLC:* - In December 2000, the bank approved a \$5.7 million line of credit to finance the purchase of a 280,000 square foot, 10-story industrial/commercial building located at 68 Jay Street in Brooklyn. The building provides affordable commercial space to a number of small businesses such as contractors, electricians, carpenters, elevator repair companies and environmental firms.

*Nonprofit Finance Fund:* - In January 2002, the bank approved a \$250 thousand line of credit to this not-for-profit entity, which provides capital and advice to nonprofit

organizations and other enterprises with a social mission. Borrowers and advisory clients include organizations in health and social services, childcare, education and the arts.

*New York Business Development Corp. ("NYBDC"):* - In April 2002, the bank extended a \$500 thousand line of credit to NYBDC. This organization was created by a special act of the New York Legislature in 1955 and complements the bank's efforts in providing long-term working capital, equipment and real estate loans to a variety of small businesses in New York State either in participation with or as an adjunct to the banking industry and the SBA.

### **Revitalization and Stabilization**

The bank also actively supports efforts directed at revitalizing the community. Lending in this category increased to \$38.1 million from the \$11.6 million reported at the prior evaluation. Approximately \$26 million represented 70% of overall new loan commitments made during the evaluation period.

*Jamaica First:* - IDBNY has a 33.3% Risk Participation in a major bank's direct pay letter of credit. The letter of credit provides credit enhancement for a \$4.8 million bond issued by the New York Industrial Development Authority to Jamaica First, a wholly owned subsidiary of the Greater Jamaica Development Corp. The bond proceeds were used to purchase and improve two parking lots and one parking garage in Jamaica, Queens, thereby providing an additional 1,000 parking spaces to the local business community.

*The Gallery at Fulton Street, LLC:* - In December 2001, IDBNY approved a \$17 million loan to purchase a leasehold interest in an enclosed 2 -story retail shopping mall and an adjacent 454 space parking garage. The mall is located in a moderate-income (0027.00) census tract in Brooklyn and was constructed in 1979 as part of a plan to revitalize the downtown Fulton Street district. Negotiations with New York City have resulted in future tax payments being substantially reduced in exchange for a \$3 million commitment from the loan proceeds which was used to renovate the property. In October 2002, the bank approved an additional \$7.5 million for further renovations to the mall.

*181<sup>st</sup> Washington Heights Association:* - The bank has \$10.4 million outstanding on a \$12 million loan originally approved in June 1999 to purchase a 68,000 square foot property located at 600 W. 181<sup>st</sup> Street in Washington Heights, Manhattan. The property is located in a moderate- income census tract. The building houses several retail establishments, which service the immediate neighborhood and employs a number of residents from the community.

### **Affordable Housing**

Since the prior evaluation, IDBNY approved two loans totaling \$4.6 million for projects directed at creating affordable housing for LMI individuals in New York and Queens counties.

*JFK Holding, LLC*: - In November 2002, the bank approved a \$3 million loan for the acquisition of a bankrupt hotel near John F. Kennedy International Airport. The hotel is being converted into a Tier 2 homeless shelter and will be leased to the Salvation Army. The Salvation Army has a Service Agreement with the New York City Department of Homeless Services (“DHS”) whereby the DHS is responsible for payment of the Salvation Army’s operating costs, including rent.

*890 First, LLC*: - In February 2002, the bank approved a \$1.6 million loan to construct housing for low-income senior citizens. Located on East 54<sup>th</sup> Street, this six-story building is being renovated under the New York City Inclusionary Housing Program and will contain 12 studio apartments. The tenants are sponsored by the Metropolitan Council on Jewish Poverty, an organization that obtains subsidies from the New York City Department of Housing Preservation and Development for senior citizen tenants on a non-sectarian basis.

Continuing commitments in support of affordable housing include:

*GRAND IV*: - In April 2001, the bank renewed a \$500 thousand line of credit to a non-profit corporate entity of the New York City Housing Partnership. The line of credit was originally approved in April 1999, represents IDBNY’s share of a \$45 million five-year credit facility in which 12 foreign and wholesale banks participate. The program facilitates the partnership with a co-lender to underwrite loans made to approved developers. The projects are built on land provided by New York City at a cost of \$500 per unit. The homes are then sold to LMI families. IDBNY funded \$118 thousand as of the assessment date.

*Neighborhood Housing Services of New York City, Inc. (“NHS”)*: - The bank has a \$500 thousand share in a \$7.5 million secured revolving credit and term loan facility to provide funds for the acquisition, construction or rehabilitation of multifamily and mixed-use apartment buildings in LMI neighborhoods of New York City. NHS, a citywide, nonprofit community revitalization organization, works to increase investment in declining neighborhoods, support neighborhood self-reliance and promote affordable housing throughout New York City. As of the evaluation date, there was \$25 thousand outstanding under this facility.

- **Qualified Investments**

As of December 31, 2002, IDBNY had various qualified investments totaling \$10.3 million. These include certain eligible mortgage-backed securities (“MBS”) issued by FNMA and FHLMC, equity investments in SBICs and the CRA Qualified Investment Fund. Also included is \$125 thousand on deposit with local credit unions and community banks that actively support small businesses and affordable housing within the community, and grants totaling \$622 thousand.

Following is a brief description of the bank’s qualified investments:

*Mortgage Backed Securities (“MBS”)*: - The bank continues to purchase mortgage-backed securities issued by FNMA and FHLMC that are collateralized by residential mortgages

extended to LMI individuals residing in LMI census tracts within the bank's assessment area. The balance outstanding as of examination date was \$7.6 million.

*CRA Qualified Investment Fund:* - The bank invested \$1 million during the evaluation period. This fund invests at least 90% of its net assets in CRA-qualifying securities. These securities include single family, multifamily and economic development loan-backed securities. The fund also invests in taxable municipal bonds whose primary purpose is community development. Investments include Lexington Gardens Apartments and New York State Housing Revenue Bonds, which were issued to fund housing development in Kew Gardens, Queens.

*New York Emerging Neighborhood Fund, L.P.:* - In August 2000, the bank committed \$500 thousand to this fund. The fund was formed to acquire, invest, manage, improve and dispose of a diversified portfolio of real estate investments consisting primarily of residential and mixed-use properties in LMI neighborhoods within New York City. As of December 31, 2002, the bank funded approximately \$47 thousand of the commitment.

*Navigator Growth Partners, L.P.:* - Licensed by the SBA as a SBIC, this fund provides growth and acquisition equity to privately held companies located primarily in northeastern United States. As of evaluation date, IDBNY funded \$294 thousand, a portion of the \$2 million equity investment to which the bank committed in February 2000.

*Meridian Venture Partners II, L.P.:* - This SBIC makes equity investments in small to medium sized businesses located in the mid-Atlantic region. As of evaluation date, IDBNY funded \$610 thousand of the \$2 million equity investment to which the bank committed in March 2000.

*Community Capital Bank:* - This community development financial institution located in Brooklyn uses its deposits to develop housing for LMI families, promote job creation through small business lending and support businesses that provide beneficial products or services to the local community. IDBNY has a \$100 thousand on deposit with the Community Capital Bank.

*Neighborhood Trust Credit Union:* - The bank maintains a \$15 thousand term deposit at the Neighborhood Trust Credit Union, which is located in the Washington Heights section of upper-Manhattan. The credit union is a recognized Community Development Credit Union ("CDCU"). CDCUs are non-profit credit unions owned by residents of low-income communities. They make loans for home purchases, rehabilitation and to small and minority-owned businesses.

*Homesteaders Federal Credit Union:* - IDBNY maintains a \$10 thousand term deposit at the Homesteaders Federal Credit Union, which is located in lower Manhattan. This credit union is also a CDCU.

## Grants

IDBNY has continued its practice of making grants to various non-profit organizations that promote affordable housing, educational and vocational programs in LMI communities within the five boroughs. The following contributions totaling almost \$622 thousand were made between July 1, 2000 and December 31, 2002.

- ❖ *Federal Home Loan Bank of New York: (“FHLBNY”)*: - IDBNY has been a member of the FHLBNY for the past five years. The FHLBNY advances subsidized rate funds or grants to member institutions that are in turn, passed on to borrowers. The funds are used to finance the purchase, construction and/or rehabilitation of owner-occupied housing for LMI households; or rental housing where at least 20% of the rental units will be occupied by low- income households for the remaining mortgage term. The FHLB funds this program through a 10% set-aside of its annual income. IDBNY’s pro rata share of this set-aside was \$234 thousand in 2001 and \$277 thousand in 2002.
- ❖ *September 11, 2001*: - IDBNY made direct contributions to organizations impacted by the terrorist attack of September 11 in addition to funds associated with helping those affected by the tragedy. The bank contributed \$2.5 thousand to the Borough of Manhattan Community College to help in the reconstruction of a classroom building and \$50 thousand to the New York Police/Fireman Widows/Children fund.
- ❖ Additionally, grants totaling \$58.4 thousand were provided to these organizations:
  - *American Ort Federation* - The New York City chapter of American Organization for Rehabilitation Through Training (ORT) provides vocational and technical training for underprivileged and recently arrived immigrants through courses held at an accredited institute in Queens.
  - *Big Brothers and Sisters of New York City* - is involved in mentoring at-risk children of low-income single parent families.
  - *Congress for Racial Equality* - instituted a Welfare Reform/Job Training program entitled “Project Independence.” This program is specifically designed to assist young single mothers, who are currently on welfare, to obtain work skills that will allow them to compete in the job market and get them off public assistance.
  - *Greater Jamaica Development Corporation (“GJDC”)* - was formed to transform the older downtown Jamaica, Queens area into a dynamic center of business, transportation, government, cultural and higher education. GJDC has pursued many initiatives to encourage small businesses to locate within the area.
  - *Lawyers’ Alliance for New York* - provides a complete range of non-litigation legal services to various non-profit groups that operate in low-income communities.

- *Maryhaven Center for Hope* - a non-profit nonsectarian agency committed to helping mentally and physically challenged children and adults, many of whom are LMI individuals. This organization operates through a network of facilities in Suffolk County and serves people from all over New York State.
- *Municipal Arts Society Planning Center* - is a part of the Municipal Art Society of New York. The Planning Center provides direct technical assistance to LMI community residents on grass roots planning and development, particularly with regard to reclaiming vacant lots, gaining waterfront access, and creating and implementing neighborhoods' self-help plans.
- *Neighborhood Housing Services of New York City, Inc. ("NHS")* - a citywide, not-for-profit, community revitalization organization that works to increase investment in declining neighborhoods. NHS seeks to create, preserve and promote affordable housing in New York City neighborhoods.
- *New York City Partnership Foundation* - conducts charitable and educational programs sponsored by the New York City Partnership and Chamber of Commerce. The foundation is committed to supporting programs including affordable housing, community economic development, summer jobs and leadership development.
- *South Bronx Overall Economic Development Corporation ("SOBRO")* - has a variety of programs to help small businesses within the community. Other projects include credit and money management seminars for community groups; job training and placement for local residents and developing housing and support services for people with AIDS.

- **Community Development Services**

The bank's officers have maintained relationships with various individuals, organizations and agencies concerned with community development and economic revitalization.

Following is a brief description of the bank's community development services:

*LaGuardia Community College's Division of Cooperative Education*

This program gives low-income students an opportunity to earn money to finance their education, while gaining hands-on experience in the banking industry. During 2001, there were 19 students in the program and the bank paid cumulative salaries of \$73,573. In 2002, there were 16 students in the program and the bank paid cumulative salaries of \$73,305. In 2001, the bank hired five of the students and one in 2002. IDBNY has been involved in this internship program for several years.

*Inner-City Scholarship Fund*

A director of the bank is a Trustee and Vice Chairman of the Executive Council of the Inner-

City Scholarship Fund. The fund helps to provide quality education for thousands of economically disadvantaged LMI children who attend 114 inner city schools of the New York Archdiocese. These schools are located in impoverished areas of New York such as the South Bronx, Harlem, Lower East Side and portions of Manhattan's West Side. Approximately 90% of the disadvantaged children are from families who subsist at, or below, poverty income level. The fund supplements the financial gap between tuition and the actual cost of educating each child.

*The New York Emerging Neighborhood Fund L.P. Advisory Committee*

A vice-president of the bank is a member of the Neighborhood Housing Services City Wide Loan Committee.

*Grand Central Partnership*

The bank is a member of the Grand Central Partnership and, as such, contributes to the Partnership's operations by means of a pass-through provision in its lease. The Partnership oversees the Grand Central Business Improvement District, which encompasses 52 blocks surrounding Grand Central Terminal. The Partnership provides supplementary sanitation, security and homeless outreach services through the Business Improvement District.

## **II. Discrimination or Other Illegal Practices**

**Any practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File.**

There were no practices noted that were intended to discourage applications for the types of credit offered by the institution.

### **Evidence of prohibited discriminatory or other illegal credit practices.**

The most recent regulatory compliance examination conducted concurrently with this assessment indicates a satisfactory performance in terms of adherence to anti-discrimination or other applicable laws and regulations. No evidence of discriminatory or other illegal credit practices was noted.

## **III. Other Factors**

**Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.**

As a wholesale institution, IDBNY does not offer banking services to the general public. The bank ascertains the credit needs of its community through its contacts with financial

intermediaries, charitable organizations and community development groups.

**The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution.**

The bank uses print and radio advertisements to market its services to the public. Additionally, flyers, statement stuffers, window signs and brochures are used for name recognition and special promotions.

**The extent of participation by the banking institution's board of directors /trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.**

The Board of Directors reviews and approves the CRA statement annually.

**Other factors that in the judgment of the Superintendent and Banking Board bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.**

None noted.

## GLOSSARY

### Community Development

The term “community development” is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) And (3), above.

A “community development loan” is defined as a loan that has as its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;

- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women’s centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

A “community development service” is defined as a service that has as its *primary purpose* community development, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
  - ❖ Serving on a loan review committee;
  - ❖ Developing loan application and underwriting standards;
  - ❖ Developing loan processing systems;
  - ❖ Developing secondary market vehicles or programs;
  - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
  - ❖ Furnishing financial services training for staff and management;
  - ❖ Contributing accounting/bookkeeping services; and
  - ❖ Assisting in fund raising, including soliciting or arranging investments.

### **Low or Moderate Income (“LMI”) Geographies**

Those census tracts or block numbering areas (“BNAs”), where according to the 1990 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide nonmetropolitan median family income.

### **LMI Individuals/Persons**

Those individuals, whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide nonmetropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

### **Wholesale Institution**

The term “wholesale institution” means a banking institution that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale banking institution by the appropriate Federal regulatory authority is in effect. When evaluating a wholesale institution’s CRA performance, the Banking Department looks primarily at its record of helping to meet the credit needs of its assessment are through community development lending, qualified investments and community development services.